No. 10-491

In the Supreme Court of the United States

L-3 COMMUNICATIONS CORPORATION, ET AL.,
PETITIONERS

v.

HONEYWELL INTERNATIONAL INC., ET AL.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE UNITED STATES

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QUESTIONS PRESENTED

1 Whether claim 2 of the patent at issue in this case is obvious and therefore invalid under 35 U.S.C. 103(a).

2. Whether a party contesting the validity of a patent must present clear and convincing evidence in order to overcome the statutory presumption of validity in 35 U.S.C. 282.

TABLE OF CONTENTS

Page

Opinions below 1
Jurisdiction 1
Statement 2
Discussion 7
I. The court of appeals' obviousness ruling is erroneous, but it does not warrant this Court's review 8
II. With respect to the second question presented, this Court should hold the petition pending its decision in *Microsoft Corporation* v. *i4i Limited Partnership* 14
Conclusion 15

TABLE OF AUTHORITIES

Cases:

Abbott Labs. v. *Sandoz, Inc.*, 544 F.3d 1341 (Fed. Cir. 2008) 12, 13
American Hoist & Derrick Co. v. *Sowa & Sons, Inc.*, 725 F.2d 1350 (Fed. Cir.), cert. denied, 469 U.S. 821 (1984) 2
Callaway Golf Co. v. *Acushnet Co.*, 576 F.3d 1331 (Fed. Cir. 2009), cert. denied, 130 S. Ct. 1525 (2010) .. 12
Dow Jones & Co. v. *Ablaise Ltd.*, 606 F.3d 1338 (Fed. Cir. 2010) 11
Geo M. Martin Co. v. *Alliance Mach. Sys. Int'l LLC*, 618 F.3d 1294 (Fed. Cir. 2010) 11
Graham v. *John Deere Co.*, 383 U.S. 1 (1966) 3, 8
Kinetic Concepts, Inc. v. *Blue Sky Medical Group, Inc.*, 554 F.3d 1010 (Fed. Cir.), cert. denied, 130 S. Ct. 624 (2009) 12
KSR Int'l Co. v. *Teleflex Inc.*, 550 U.S. 398 (2007) 3, 8, 9, 11, 13

Cases—Continued: Page

Leapfrog Enters., Inc. v. *Fisher-Price, Inc.*, 485 F.3d 1157 (Fed. Cir. 2007) 13

Lucky Litter LLC v. *ITC*, No. 2009-1470, 2010 WL 3937587 (Fed. Cir. Oct. 6, 2010) 12

Media Techs. Licensing, LLC v. *Upper Deck Co.*, 596 F.3d 1334 (Fed. Cir. 2010) 13

Microsoft Corp. v. *i4i Ltd. P'ship*, No. 10-290, 2010 WL 3392402 (Nov. 29, 2010) 8, 14, 15

Statutes:

Patent Act of 1952, 35 U.S.C. 1 *et seq.*:

35 U.S.C. 103(a) 3, 7, 8, 11

35 U.S.C. 112 6

35 U.S.C. 181-188 (Invention Secrecy Act) 6

35 U.S.C. 271(a) 2

35 U.S.C. 282 2

35 U.S.C. 282(2) 2

28 U.S.C. 1498(a) 2, 4

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OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1-36) is reported at 609 F.3d 1292. The opinion of the district court with respect to patent validity (Pet. App. 42-221) is reported at 81 Fed. Cl. 514.

JURISDICTION

The judgment of the court of appeals was entered on May 25, 2010. Petitions for rehearing were denied on June 10, 2010 (Pet. App. 225-227). On August 26, 2010, the Chief Justice extended the time within which to file a petition for a writ of certiorari to and including October 8, 2010, and the petition was filed on that date. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. The Patent Act of 1952 provides that "whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States," may be liable for patent infringement. 35 U.S.C. 271(a). When a patented invention "is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same," the patent holder may bring suit against the United States in the United States Court of Federal Claims (CFC), seeking "reasonable and entire compensation" for the unauthorized use or manufacture. 28 U.S.C. 1498(a). An infringing use or manufacture by a contractor or subcontractor of the federal government with the government's authorization or consent "shall be construed as use or manufacture for the United States." *Ibid.*

A defendant in an infringement action may challenge the patent's validity on a number of grounds. 35 U.S.C. 282(2). Under 35 U.S.C. 282, the patent "shall be presumed valid," and "[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity." The Federal Circuit has long held that in order to overcome the presumption of validity, the party challenging the patent must establish invalidity by clear and convincing evidence. See, *e.g.*, *American Hoist & Derrick Co.* v. *Sowa & Sons, Inc.*, 725 F.2d 1350, 1359-1360, cert. denied, 469 U.S. 821 (1984).

One ground on which a party may challenge a patent's validity arises from the Patent Act's requirement that the subject matter of the patent be nonobvious. Section 103(a) provides:

> A patent may not be obtained * * * if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.

35 U.S.C. 103(a).

The question of obviousness is ultimately one of law, but it turns on "several basic factual inquiries." *Graham* v. *John Deere Co.*, 383 U.S. 1, 17 (1966). This Court has identified several such inquiries, holding that whether a patent is obvious under Section 103 requires an analysis of "the scope and content of the prior art," the "differences between the prior art and the claims at issue," and the "level of ordinary skill in the pertinent art." *Ibid.* Even when there are differences between the claim at issue and the prior art, the claim may nonetheless be obvious. See 35 U.S.C. 103(a). Thus, a court "need not seek out precise teachings directed to the specific subject matter of the challenged claim," and may "take account of the inferences and creative steps that a person of ordinary skill in the art would employ." *KSR Int'l Co.* v. *Teleflex Inc.*, 550 U.S. 398, 418 (2007).

2. The technology at issue in this case concerns complementary light-filter systems that are used in cockpit displays in military aircraft to permit pilots to use night-vision goggles while still being able to see the cockpit displays. Pet. App. 3.

Because night-vision goggles work by amplifying available light, especially red and infrared light, even a small amount of ambient red light in the cockpit can overwhelm the goggles, rendering them useless for viewing objects outside of the cockpit. Night-vision gog-

gles can thus be incompatible with a cockpit's color display if that display emits red light. But because the color red is often used for warning lights—red is universally understood to be associated with danger, ensuring that pilots will respond quickly to red warning lights—eliminating red light from the cockpit is not an optimal solution. Nor is dimming the red light a viable solution, because doing so would make the lights invisible to others in the cockpit who are not wearing night-vision goggles. Pet. App. 3-5.

In the 1980s, engineers began to address the difficulty of using night-vision goggles in the cockpit by employing complementary filters over the goggles and the cockpit lights. Pet. App. 4-6, 147-148. The invention claimed in the patent-in-suit, U.S. Patent No. 6,467,914 ('914 patent), is an example of this technology. The '914 patent—for which respondents' predecessor applied in 1985—calls for attaching a filter to the cockpit color displays that permits only a narrow band of red light to pass through. *Id.* at 6. That narrow band can be seen with the naked eye, so that others in the cockpit not wearing goggles—and the pilot himself, looking under the goggles—can see the red lights. *Id.* at 7. The '914 patent also calls for a second filter that blocks the narrow band of red light to be attached to the night-vision goggles, so that the red light does not overwhelm the goggles. The night-vision goggles would retain their function by amplifying the available red and infrared light outside the narrow band blocked by the second filter. *Id.* at 6-7, 9-10.

3. In 2002, shortly after the '914 patent issued, respondents filed suit in the CFC pursuant to 28 U.S.C. 1498(a). As relevant here, respondents alleged that the United States had infringed the '914 patent by using the

claimed invention in certain military aircraft. Petitioner Lockheed Martin Corporation (Lockheed) intervened as a defendant in the action because it is the supplier and indemnitor to the government for some of the aircraft that use the technology at issue. Petitioner L-3 Communications Corporation, which supplied the displays for Lockheed's aircraft, intervened as an indemnitor to Lockheed. Pet. App. 8 n.1.

After a trial on infringement, the CFC found that the United States had infringed claim 2 of the '914 patent. Pet. App. 8. Petitioner and the government contended that claim 2 was invalid on a number of grounds, including that it was obvious under Section 103(a). After a separate trial on validity, the CFC held, as relevant here, that claim 2 was obvious and therefore invalid. Reviewing the prior art, the court found that all of the elements of claim 2 were disclosed in prior art references, and that it would have been obvious to a person of ordinary skill in the art to combine those references. *Id.* at 134-165. The court also held that "[a]ssuming, *arguendo*," that the prior art did not disclose how to "split the red color band" and therefore did not disclose every element of claim 2, one skilled in the art nonetheless would have found claim 2's advancement over the prior art to be obvious. *Id.* at 157, 220.

4. The court of appeals reversed and remanded, concluding that claim 2 was not obvious. Pet. App. 1-36. The court began by observing that claim 2 of the '914 patent has four elements, three of which were disclosed by the prior art. *Id.* at 9-12. Respondents contended that the fourth element of the claim—element (a)(3), which discloses a "filter for filtering the red color band of the local source of light [*e.g.*, the cockpit lights] and

passing a narrowband of the red color band"—was not disclosed by the prior art. *Id.* at 12.

The court of appeals construed element (a)(3) to require that the filter on the color display panel allow the passing of a narrow band of red light that is perceptible as red to the human eye. Pet. App. 13-14. The court next held that, so construed, element (a)(3) was not disclosed by the prior art references. *Id.* at 14-18. The court acknowledged that the prior art disclosed filters that "split[] * * * the red color band," and that would let some part of the red color band pass through—but the court observed that those references did "not disclose the passing of *perceptible* red light" through the filter. *Id.* at 14-15 (emphasis added); *id.* at 16-17. After concluding that none of the prior art references disclosed the passing of light that is perceptible as red, the court held that "[f]or these reasons," the CFC had erred in concluding that claim 2 was obvious. *Id.* at 18. The court explained that, "[g]iven the failure to prove that the cited references disclose element (a)(3), the government has failed to carry its burden of proving by clear and convincing evidence that the claimed invention would have been obvious to one of skill in the art." *Ibid.*[*]

Judge Mayer dissented. Pet. App. 27-36. He would have held that claim 2 was obvious and therefore invalid.

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[*] The Federal Circuit also reversed the CFC's holding that claim 2 of the '914 patent was invalid under the written description requirement of 35 U.S.C. 112 ¶ 1, see Pet. App. 18-19; affirmed the CFC's holding that claim 2 is not indefinite under 35 U.S.C. 112 ¶ 2, see Pet. App. 20-22; reversed the CFC's holding that respondents lacked standing to assert a claim under the Invention Secrecy Act, 35 U.S.C. 181-188, see Pet. App. 22-24; and reversed the CFC's acceptance of the government's partial defense under the first sale doctrine, see *id.* at 24-25. Petitioners have not raised any of these issues before this Court. See Pet. i.

Judge Mayer emphasized that prior art disclosed a filter that split the red color band, allowing some, but not all, of the red color band to pass through. *Id.* at 29. Judge Mayer concluded that, even if the prior art did not disclose a filter that passed light within the red color band that was perceptible as red, a person of ordinary skill in the pertinent art "would have known how to adjust the light source to increase the perceptibility of the light in the red color band while employing" the filters disclosed in the prior art. *Id.* at 31.

DISCUSSION

Petitioners first contend that the court of appeals erred in holding that claim 2 of the '914 patent was not obvious purely because the prior art did not disclose all of the elements of the claim. The government agrees with petitioners that the court erred in failing to consider whether, notwithstanding any "differences between [claim 2] and the prior art," 35 U.S.C. 103(a), a person of ordinary skill in the art would have found claim 2's advances over the prior art to be obvious. The government further agrees with petitioners that, considered under the proper standard, claim 2 was obvious. This issue does not warrant the Court's review, however, because the court of appeals does not appear to have announced a general rule governing obviousness challenges, and the question is therefore one of fact-bound error correction.

Petitioners also argue that the court of appeals erred in requiring petitioners and the government to demonstrate obviousness by clear and convincing evidence. This Court recently granted certiorari to decide whether the Federal Circuit's clear-and-convincing-evidence standard for resolving challenges to patent validity is

consistent with the Patent Act. See *Microsoft Corp.* v. *i4i Ltd. P'ship*, No. 10-290, 2010 WL 3392402 (Nov. 29, 2010). Because the decision in *Microsoft* may affect the proper disposition of this case, the Court should hold the petition pending its decision in *Microsoft*.

I. THE COURT OF APPEALS' OBVIOUSNESS RULING IS ERRONEOUS, BUT IT DOES NOT WARRANT THIS COURT'S REVIEW

A. As petitioners correctly argue (Pet. 13-18), the court of appeals erred in holding that, because the prior art did not disclose every element of claim 2 of the '914 patent, claim 2 was not invalid on obviousness grounds.

The Patent Act provides that, even if an invention is not identical to any technology previously in use, the invention is nonetheless not patentable "if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." 35 U.S.C. 103(a). The obviousness inquiry is an "expansive and flexible" one that turns on the facts of the individual case rather than on the application of rigid rules. *KSR Int'l Co.* v. *Teleflex Inc.*, 550 U.S. 398, 415 (2007); see *Graham* v. *John Deere Co.*, 383 U.S. 1, 17 (1966).

In *Graham*, the Court explained that the obviousness inquiry involves consideration of such factors as "the scope and content of the prior art," "differences between the prior art and the claims at issue," and "the level of ordinary skill in the pertinent art." 383 U.S. at 17. In examining the prior art, courts "need not seek out precise teachings directed to the specific subject matter of the challenged claim." *KSR*, 550 U.S. at 418. Rather,

courts must also determine whether a person of ordinary skill in the art would have found it obvious to go beyond the prior art to accomplish the advance claimed in the relevant patent. *Id.* at 406, 417. Thus, even if the prior art does not reveal all of the elements in the claims at issue, courts are to consider whether a person of ordinary skill in the art nonetheless would have found the claims obvious, "tak[ing] account of the inferences and creative steps that a person of ordinary skill in the art would employ." *Id.* at 418; see *id.* at 421.

The court of appeals erred in failing to undertake that analysis. The court correctly began its obviousness inquiry by examining the scope and content of prior art and the differences between that art and the claim at issue. See *KSR*, 550 U.S. at 406-407; Pet. App. 14-18. But as petitioners explain (Pet. 15-16), the court erred by treating that analysis as not just the beginning of the inquiry but the end. Having found that the prior art did not disclose element (a)(3) of claim 2, the court did not then analyze whether it would have been obvious to a person of ordinary skill in the field to adjust the prior art—filters that split the red color band to allow *some* part of the red color band to pass through—to create the filter disclosed in claim 2, *i.e.*, one that splits the red color band to allow the part that is *perceptible as red* to pass through. The court's sole stated reason for concluding that claim 2 was not obvious was that the prior art did not disclose every element in the claim. Pet. App. 18. Truncating the analysis in this manner was erroneous.

B. As petitioners explain (Pet. 17), under the correct analysis, claim 2 of the '914 patent was obvious and therefore invalid. See Pet. App. 28-33 (Mayer, J., dissenting). As the CFC found, the prior art disclosed the

use of filters that blocked light at wavelengths within the red color band, as well as at wavelengths within other color bands. Pet. App. 150-151, 157-159. One of the sources of prior art taught that the filter could be adjusted and set at any wavelength. *Id.* at 31. Respondents' expert also testified that those who understood how to filter another color band (such as blue) would also know how to filter the red color band, because "there's not[h]ing scientifically different" about filtering the various color bands. *Id.* at 151. Therefore, as Judge Mayer observed, "[o]nce the military made the decision to allow more red light in the cockpit, at the expense of [night-vision goggle] performance," *id.* at 32, it would have been obvious for one of ordinary skill in the art to create a filter that passes light that is perceptible as red. The court of appeals should have found claim 2 of the '914 patent to be obvious and invalid.

C. Petitioners contend (Pet. 12-13) that the court of appeals adopted a "bright-line rule requiring specific teachings in the prior art * * * as a condition for finding a patent claim to be obvious." The primary basis for petitioners' argument is the court of appeals' statement that "[g]iven the failure to prove that the cited [prior art] references disclose element (a)(3), the government has failed to carry its burden of proving by clear and convincing evidence that the claimed limitation would have been obvious to one of skill in the art." Pet. App. 18; see Pet. 15. Viewed in isolation, that statement can reasonably be read to establish the categorical rule that petitioners ascribe to it.

If the court of appeals had indeed adopted such a rule, it would be starkly inconsistent with Section 103(a), which makes clear that a claimed invention can be obvious even if it differs from anything disclosed in the prior

art. 35 U.S.C. 103(a). Indeed, Section 103(a) specifically directs the court, in conducting the obviousness inquiry, to consider "the differences between the subject matter sought to be patented and the prior art." *Ibid.* The categorical rule that petitioners attribute to the court below would also be in tension with *KSR*, which emphasized that a court considering whether a claim is obvious should undertake an "expansive and flexible" inquiry that takes into account the creativity of a person with ordinary skill in the art. 550 U.S. at 415, 417. The court of appeals' announcement of a bright-line rule along the lines described above would be sufficiently important to warrant review by this Court.

It does not appear, however, that the Federal Circuit has actually adopted any categorical rule that prior art must disclose every element of a claim in order for the claimed invention to be obvious. Subsequent Federal Circuit decisions have not treated the decision below as establishing such a rule; rather, they have correctly analyzed whether a person of ordinary skill would have been able to, and would have had the motivation to, make predictable modifications to the prior art to develop the claimed invention. See *Geo M. Martin Co.* v. *Alliance Mach. Sys. Int'l LLC*, 618 F.3d 1294, 1300-1304 (2010) (affirming obviousness finding because "the differences between the prior art and the claimed improvement were minimal," and making improvements would have been "simple"; the court also noted that if the prior art invention did not work, the question would be whether someone of ordinary skill in the art could have used the prior art to make a working device); *Dow Jones & Co.* v. *Ablaise Ltd.*, 606 F.3d 1338, 1349-1353 (2010) (a person of ordinary skill in the art would have had the expertise and motivation to add an HTML "image align"

tag (a generally known technique in the field) to the prior art reference in order to create the patented invention); *Lucky Litter LLC* v. *ITC*, No. 2009-1470, 2010 WL 3937587, at *4 (Oct. 6, 2010) (holding that even if prior art did not disclose a mode selector switch, adding one would have been obvious to a person of ordinary skill in the art). These subsequent decisions indicate that the court of appeals has not accorded the decision below any broad import beyond this case.

Petitioners also rely (Pet. 20-23) on three earlier Federal Circuit cases that, petitioners argue, also applied a categorical rule that a claim cannot be obvious unless all of its elements were disclosed by the prior art. See *Kinetic Concepts, Inc.* v. *Blue Sky Medical Group, Inc.*, 554 F.3d 1010, cert. denied, 130 S. Ct. 624 (2009); *Callaway Golf Co.* v. *Acushnet Co.*, 576 F.3d 1331 (2009), cert. denied, 130 S. Ct. 1525 (2010); *Abbott Labs.* v. *Sandoz, Inc.*, 544 F.3d 1341 (2008). These decisions do not establish any concrete approach or trend, however. In both *Kinetic Concepts* and *Callaway*, the court upheld jury verdicts of nonobviousness as supported by substantial evidence, in part because the jury could reasonably have found that the prior art did not disclose all of the limitations in the claims at issue. See *Kinetic Concepts*, 554 F.3d at 1020-1021; *Callaway*, 576 F.3d at 1341. Neither decision purported to establish or apply a bright-line rule, and both emphasized the deferential standard that governed review of the juries' verdicts. See *Kinetic Concepts*, 554 F.3d at 1021 ("Defendants' obviousness argument at trial relied heavily on the prior art references, the scope and content of which are factual questions to be determined by the jury."); *Callaway*, 576 F.3d at 1339 ("Acushnet sought to establish obviousness primarily through a combination of prior art

three-piece balls," but "the jury could have rationally concluded that these combinations did not in fact disclose or render obvious all limitations of the asserted claims."). And in *Abbott*, although the district court had held that the patent holder was likely to prevail against an obviousness challenge because not all of the claim's limitations were disclosed by the prior art, the court of appeals framed the issue as whether, in light of the prior art, the patent's solution to the problem of creating an extended-release form of certain antibiotics would have been "predictable" to a person of ordinary skill in the art. 544 F.3d at 1352 (quoting *KSR*, 550 U.S. at 421). Thus, although the *Abbott* court did not expressly repudiate the district court's analysis, it also did not apply a categorical rule that a patented invention is obvious only if all of its elements were disclosed by the prior art.

As petitioners acknowledge (Pet. 23-24), moreover, in other decisions preceding the one at issue here, the Federal Circuit has correctly inquired whether a person of ordinary skill in the art would have been able to supplement the prior art in order to create the invention at issue. See *Leapfrog Enters., Inc.* v. *Fisher-Price, Inc.*, 485 F.3d 1157, 1162 (2007); *Media Techs. Licensing, LLC* v. *The Upper Deck Co.*, 596 F.3d 1334, 1337-1338 (2010). The existence of such decisions—both before and after the decision below—indicates that the court of appeals does not apply a categorical "missing element" rule to obviousness cases. Nor do the decisions on which petitioners rely suggest that there is widespread confusion about the proper analysis of obviousness claims within the Federal Circuit. There is consequently no need for this Court's intervention at this time.

II. WITH RESPECT TO THE SECOND QUESTION PRESENTED, THIS COURT SHOULD HOLD THE PETITION PENDING ITS DECISION IN *MICROSOFT CORPORATION* V. *i4i LIMITED PARTNERSHIP*

Petitioners also contend (Pet. 26-37) that this Court should grant certiorari to review the Federal Circuit's long-standing rule that a party challenging a patent's validity must prove invalidity by clear and convincing evidence. This Court recently granted a petition for a writ of certiorari to review that question. See *Microsoft Corp.* v. *i4i Ltd. P'ship*, No. 10-290, 2010 WL 3392402 (Nov. 29, 2010). The petitioner in *Microsoft* contends that, when a challenge to the validity of a patent rests on evidence that was not considered by the Patent and Trademark Office (PTO), the clear-and-convincing-evidence standard should not apply, and the party challenging validity should be required to establish its case only by a preponderance of the evidence. Pet. at 15, 25, *Microsoft*, *supra* (No. 10-290).

Because petitioners here likewise challenge the propriety of the Federal Circuit's use of the clear-and-convincing-evidence standard, in a context where some of the relevant prior art was not presented to the PTO (see Pet. 31), the Court's decision in *Microsoft* may shed light on the proper resolution of this case. The Court should therefore hold the petition pending its disposition of *Microsoft*.

CONCLUSION

With respect to the first question presented, the petition for a writ of certiorari should be denied. With respect to the second question, the petition should be held pending the decision in *Microsoft Corporation* v. *i4i Limited Partnership*, No. 10-290, and then disposed of as appropriate in light of the Court's decision in that case.

Respectfully submitted.

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